

**“There is nothing sinister
in so arranging one’s
affairs as to keep taxes
as low as possible...”**

Judge Learned Hand



~ Jar 81



4/14
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Tax Angles

901 N. Washington St., Alexandria, VA 22314

Dear Taxpayer:

The time is 9:40 p.m. I am sitting here alone in my office. Darkness surrounds me, except for my desk lamp. The cleaning people left about a half hour ago.

Outside my window, across the river, I can see the lights on top of the Washington Monument as it challenges the sky. I am not thinking about the Monument, however. I am thinking about you, and myself. But indirectly, the Washington Monument also belongs in my thoughts.

I hope you will excuse me if I get personal for a few minutes. I do so only because I'm leading up to something.

When I went into publishing, I had two hopes: to do something interesting and useful with my life, and to earn a good living. I soon learned that it isn't easy to combine the two.

I began to notice something else. The government was getting more and more into people's lives, taking more and more of their money. Was this a good thing? I didn't think so. I still don't think so. People don't seem as happy as they used to be -- and the polls I read bear me out.

So it gradually dawned on me that, as a publisher, I could do something that would help people cope. Most of the men and women I know are working just as hard today as they ever did, maybe harder. Do they have as much to show for it? You know the answer as well as I do. The government takes more and more of our money -- in two ways: through taxes and through inflation. It isn't fair.

I noticed, too, that rich people seem to come out pretty well at tax time. Every tax law has its loopholes, and the rich could afford to hire experts to protect them. Was this unpatriotic? A great jurist, Judge Learned Hand, gave us the classic answer back in 1947:

"There is nothing sinister in so arranging one's affairs as to keep taxes as low as possible. Everybody does so, rich and poor; and all do right, for nobody owes any public duty to pay more than the law demands: Taxes are enforced exactions, not voluntary contributions. To demand more in the name of morals is mere cant."

The rich, as I say, can afford good tax advice. But what about the great producing classes -- investors, executives, professionals, owners of small businesses? They now pay the bulk of the taxes, but they can't afford high-priced experts. Surprisingly, there was no publication devoted to their tax needs. To make a long story short, I started TAX ANGLES.

over, please

Please understand one thing. I am a small businessman -- and I won't have it any other way. I have no quarrel with big business, but it's not for me. I want to know the names of my employees. And I hate bureaucracy.

I am happy to say that TAX ANGLES was an immediate success -- because it does fill a need. Proof: the percentage of subscribers who renew. (The exact percentage is a trade secret.)

What I am sitting here wondering about, late at night -- yes, worrying about -- are the millions of taxpayers who need TAX ANGLES, but have never heard of it. I have resolved to write to a number of them, yourself included. I have come up with a plan. It makes it possible for you to try TAX ANGLES without risking a dime.

Why should you want to try it? For two important reasons:

1) TAX ANGLES will save you many times its low cost -- or you shouldn't bother to read it.

2) TAX ANGLES will give you priceless guidelines on how to reduce your chances of a tax audit. (Nothing can guarantee that you won't be audited; but TAX ANGLES will improve your chances of avoiding that dreadful experience.)

Precisely how will TAX ANGLES help you? I can think of several ways:

- It will give you the ideas that your tax advisor may not be giving you. (Unless you are rich, you can only afford a tax advisor for the most routine work. Most of your creative tax planning and tax avoidance must come from you. But since you are not an expert in this tricky field, you need the help of experts. TAX ANGLES is the only tax publication aimed not at tax advisors but at small businessmen, investors, professionals, and executives.)
- TAX ANGLES is modestly priced. You will be pleasantly surprised to discover that you get it for a full year for about what it costs you for about a half hour of tax advisor's time!
- In "Tax Forum," editor Vernon K. Jacobs answers your tax questions (without revealing your name, of course). So don't hesitate to query us, in complete confidence. We'll do our best to resolve your toughest problems in Vern's column. No charge; it's another free service to our TAX ANGLES family.
- We have a Washington consultant who once held a post high in the IRS. He still has pipelines to some of the best sources there. We call him "M" to preserve his anonymity and protect his sources. (Incidentally, I recently had a sobering talk with "M". This is the gist of what he passed on to me: "The tax people are turning ugly. With the government still running alarming deficits, the White House is bringing almost unbearable pressure on the IRS to squeeze the taxpayers for the last drop.")
- Got a tax-saving idea? If we select it for our Award-Winning

Tax Angle, we'll extend your subscription for two full years free.
(But, as always, we'll keep your name in confidence.)

Every issue, TAX ANGLES brings you a host of specific ideas. Many of them will apply to your tax situation. And remember, a dollar saved in taxes puts money right into your wallet. Most of our readers would have to earn \$200 to net the same money as \$100 in tax savings. Here are a few typical benefits that Vern Jacobs and his staff have come up with:

- Cases where you actually save by not deducting expenses.
- You're probably overpaying your taxes. How to stop.
- The ten most common mistakes on tax returns.
- How any mail order business can give you a tax shelter, year after year.
- Should you incorporate a one-man business? It may cost you more than you save.
- Guidelines for finding a reliable tax advisor.
- Tax deduction checklist for businesses: how many are you missing out on?
- How some people avoid taxes completely.
- A cheap way to fight the IRS.
- Small businessmen: a double tax deduction you may be overlooking.
- When to pay certain expenses with personal rather than company funds.
- Real estate: sometimes it pays to fix it up before you sell.
- To deduct or not to deduct? How to assess your chances.
- One simple method for protecting your travel and entertainment deductions.

As you can see, TAX ANGLES would be of little value to the average taxpayer. It is frankly beamed at men and women of substance -- who are, however, not wealthy enough to afford tax advisors who charge thousands of dollars a year. In truth, TAX ANGLES provides you with much the same tax techniques, but not for thousands of dollars. For first-time subscribers, the cost for a year of TAX ANGLES is -- well, ridiculous. Only \$40 a year! And, since the cost is itself tax-deductible, your effective cost probably runs about \$20 a year -- about half what you now pay for Time or Newsweek!

But, as I say, TAX ANGLES is a bargain only if it helps you. That is why I am willing to accept the risk. If you will simply give us the chance to prove that we can save you hundreds, perhaps thousands of dollars a year, I will protect you with this Absolute Guarantee:

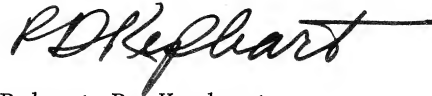
Send \$40 for a full year of TAX ANGLES (12 monthly issues). Read two issues to give you the flavor of TAX ANGLES. If you don't immediately see that TAX ANGLES is going to save you many times its cost, just drop me a line and tell me to cancel. No explanation needed. I'll send you a full and prompt refund for unread issues.

The time is now half past ten. My coffee is cold. The Washington Monument is still there, splendid and towering. If George Washington -- landowner, investor, professional, small businessman, farmer -- were here today, he would

over, please

applaud the words of Judge Learned Hand (and doubtless give him a 21-gun salute). He would use every resource of his keen mind to hold down his taxes, and get the government off his back.

Sincerely,

A handwritten signature in dark ink, appearing to read "RDKephart", with a long horizontal flourish extending to the right.

Robert D. Kephart
Publisher

RDK:moa

P.S. A FREE bonus with your subscription. Subscribe to TAX ANGLES now and you'll receive -- absolutely free -- the \$14.95 handbook of tax-cutting ideas, The New Taxpayers' Counterattack. What's your tax problem? Is it personal taxes...or investment tax planning...or business taxes? They're all here, neatly divided so you can turn quickly to the tax-cutting devices you're most interested in. TAX ANGLES editor Vernon K. Jacobs gives you hundreds of good ideas -- free with your TAX ANGLES subscription. This big \$14.95 handbook is yours to keep even if you later decide to cancel and request a refund. To receive your free copy, just complete and mail the enclosed order form.

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A TRUE STORY...

One day last November, the president of a firm based in Washington, D.C. picked up his copy of *Tax Angles* and read this item:

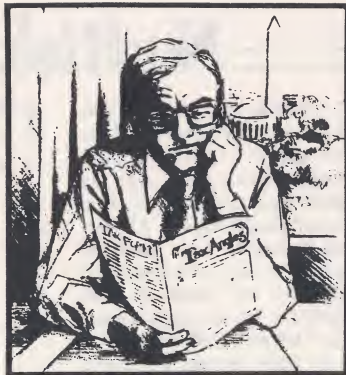
Wages subject to social security taxes do not include payments to an employee on account of sickness or accident . . . under a plan or system providing such benefits to an employee—or to a specific class (or classes) of employees. This is generally interpreted to mean that any wages paid to employees during

a period of absence due to illness or injury are not subject to social security taxes.

The executive, unaware of this point, has been paying social security taxes on his employees' sick pay for many years. Justifiably annoyed, he confronted his outside accountant:

"Why didn't *you* tell me about this? Why did I have to read about it in *Tax Angles*?"

The moral? *You can't depend on your tax advisor to cut your taxes. You've got to keep on top*



of things *yourself*. And *Tax Angles* will help you do it.

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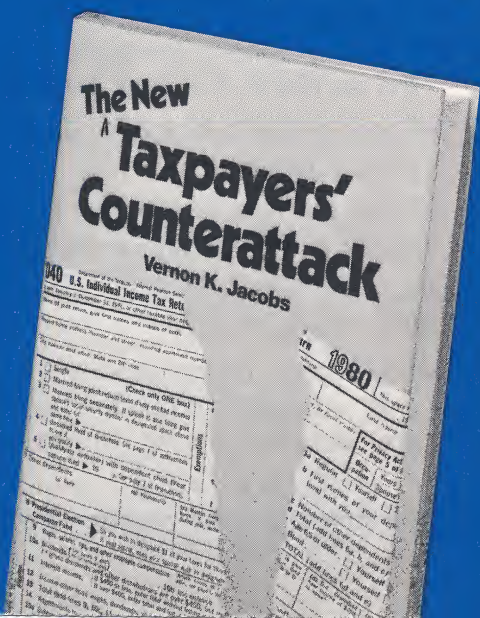
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You can beat the IRS legally and safely

This new manual of tax avoidance shows you dozens of legal ways to keep some of the money you are now giving away in federal, state and local taxes

Vernon K. Jacobs divides this new handbook of the legal tax avoidance into three sections:

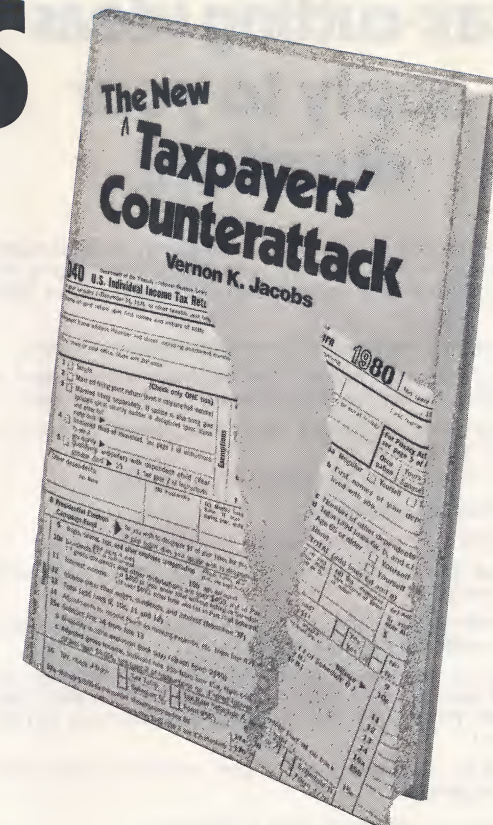
- **Personal Tax Planning**
- **Investment Tax Planning**
- **Business Tax Planning**

Not all of his recommendations will fit your situation. But a surprising number will. How many? This sampling should give you a good idea:

- ✓ 15 general tips for cutting your taxes
- ✓ 6 income-splitting devices for minimizing the tax bite in the upper brackets
- ✓ The sensible rule for business deductions: it can only help you
- ✓ What are your chances of avoiding an audit? 7 ways to reduce the danger
- ✓ Are you taking *all* these tax breaks on your home?
- ✓ Secrets of depreciation—for tangible *and* intangible property—even when you use part of it for nonbusiness pur-

poses. Composite vs. component depreciation. When to switch from fast writeoff to straight-line. Extra-fast depreciation for certain kinds of real estate and equipment.

- ✓ The risk in using a franchised tax preparer
- ✓ Those "fearsome" IRS computers: half of the letters they generate are wrong
- ✓ 3 tax gimmicks you should avoid like measles
- ✓ Facts—and misconceptions—about deducting for business at home



- ✓ Valuable advice on finding a good tax advisor. How to tell a pro from an amateur. Proper fees for a lawyer-CPA, a CPA tax specialist, a lawyer tax specialist, a general-practice CPA, and a non-CPA
- ✓ The mail-order tax shelter: too straightforward for the wheeler-dealers, but ideal for the honest businessman or investor
- ✓ New tax "supershelter" for old business buildings

How many of these tax-cutting ideas apply to your situation?

- ✓ When is it safe to hire—or become—an “independent contractor” rather than an employee? Tax breaks for both employer and independent contractor—but also pitfalls
- ✓ Tax shelters: many will boomerang—but not these 6
- ✓ Are you keeping too many tax records—or too few? A checklist of what you *should* keep, and for how long
- ✓ A simple way to handle estimated taxes. 3 ways to avoid any penalty
- ✓ How to make Uncle Sam pay for your hobby
- ✓ 9 tax-favored businesses
- ✓ The triple tax break enjoyed by family partnerships
- ✓ Tax-free barter: the feds hate it, but you're safe with these methods
- ✓ Year-end tax planning: *now* is the time to start—especially under the new tax law
- ✓ Starting a business? Watch for these tax land mines. Your 4 basic choices for tax treatment. Pros and cons of each. Which of these 3 accounting methods is best for you?
- ✓ 10 tips for writing off all or part of your family vacation—legally
- ✓ Tax savings from a marriage or divorce
- ✓ A little-known tax bonanza for the small businessman
- ✓ How to overcome your fear of the IRS. New ways to counter their bully tactics. How to spot their weaknesses . . . their careless language . . . their menacing tricks with language
- ✓ Hire your children—and save *thousands* in taxes
- ✓ Which is smarter, to be conservative and lower your chances of an audit, or to take every questionable deduction?
- ✓ 27 fringe benefits that are still tax-free: how many are you missing out on?

All this information, and much more, is yours **FREE** in this valuable handbook. Just as important—it's yours *every month* in **TAX ANGLES**. In fact, all this material originally appeared in **TAX ANGLES**.

Which is precisely why **TAX ANGLES** will save you so much more than its modest cost.

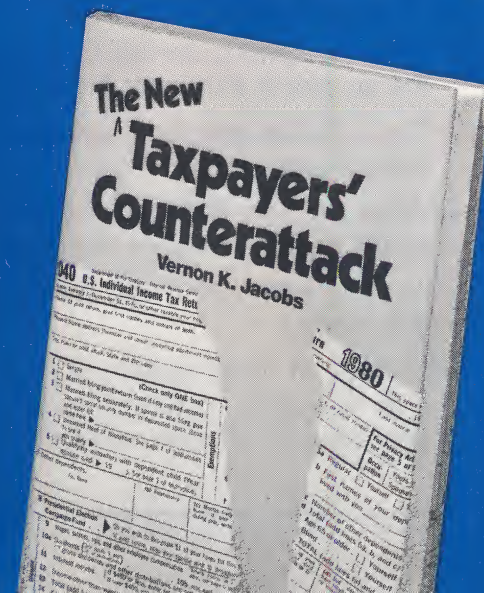
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A Monthly Letter of Tax Saving Ideas, Strategies, Techniques.

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M E M O R A N D U M

FROM: Vernon K. Jacobs
Editor, TAX ANGLES

Dear Reader:

Frankly, I'm puzzled.

Why do only two or three out of 100 persons reading this letter ever try TAX ANGLES?

After all, the risk is all ours -- you have an unconditional refund guarantee for all unserved issues if TAX ANGLES isn't all we say it is. AND you keep the bonus book for your trouble.

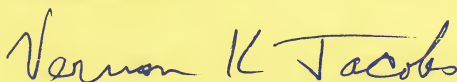
Not only that, but the cost is tax deductible, meaning the real cost for most of our readers is only about half the cost of an already discounted trial subscription.

As a TAX ANGLES subscriber, you will be in good company. Over 55,000 readers now make TAX ANGLES the single largest tax advisory service for small businesses, self-employed professionals and upper income individuals in the country. Of course, tax professionals also read TAX ANGLES to keep their thinking fresh and to monitor ideas that our staff of tax experts and I come up with.

This is really a risk-free proposition for you. If after you read two issues you decide that TAX ANGLES is not all that I promise we will happily send you a full refund for the undelivered issues. And the bonus book is yours to keep for your trouble.

What could be fairer than that?

Sincerely,



Vernon K. Jacobs, CPA
Editor

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